



**FRASER & NEAVE HOLDINGS BHD.**  
(Company No: 004205-V, Incorporated in Malaysia)

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**For immediate release**

## **QUARTERLY FINANCIAL REPORT**

### **Quarter 4 : Financial Year Ended 30 September 2008**

The Directors are pleased to release the quarterly financial report for the quarter and the year ended 30<sup>th</sup> September 2008.

The contents of the financial report comprise the following attached condensed financial statements, explanatory notes and additional disclosures and these must be read in conjunction with the Group's financial statements for the year ended 30 September 2007:

- Schedule A : Condensed Consolidated Income Statement
- Schedule B : Condensed Consolidated Balance Sheet
- Schedule C : Condensed Consolidated Cash Flow Statement
- Schedule D : Condensed Consolidated Statement of Changes in Equity
- Schedule E : Selected Explanatory Notes
- Schedule F : Additional Disclosures

This quarterly financial report has been prepared in accordance with the accounting standards on interim financial reporting issued by the Malaysian Accounting Standards Board and contained additional disclosures prescribed by the BURSA MALAYSIA. Unless specified otherwise, the same accounting policies and methods of computation applied to the Group's financial statements for the previous year had been followed throughout this quarterly financial report.

By Order of the Board

Joseph Tan Eng Guan  
Company Secretary

Kuala Lumpur  
6 November 2008

**Schedule A : Condensed Consolidated Income Statement**

For the year ended 30 September 2008

RM'000	Individual 4 <sup>th</sup> Quarter			(Audited) Cumulative 4 <sup>th</sup> Quarter		
	30/9/2008	30/9/2007	% chg	30/9/2008	30/9/2007	% chg
Revenue	898,977	798,778	12.5%	3,591,204	2,865,068	25.3%
Operating profit	55,391	68,713	-19.4%	256,650	227,771	12.7%
Interest expense	(4,640)	(3,718)		(19,589)	(10,034)	
Interest income	306	581		2,611	3,168	
Profit before taxation (PBT)	51,057	65,576	-22.1%	239,672	220,905	8.5%
Taxation	(14,512)	(17,121)		(59,941)	(55,328)	
Profit after taxation (PAT)	36,545	48,455	-24.6%	179,731	165,577	8.5%
Attributable to :						
Equity holders of the Company	34,741	45,606	-23.8%	166,845	152,871	9.1%
Minority interest	1,804	2,849		12,886	12,706	
	36,545	48,455		179,731	165,577	
Basic earnings per share (sen) attributable to equity holders of the Company	9.8	12.8		46.8	42.9	
Diluted earnings per share (sen) attributable to equity holders of the Company	9.8	12.8		46.8	42.9	

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Group's audited financial statements for the year ended 30 September 2007.*

**Schedule B : Condensed Consolidated Balance Sheet**

As at 30 September 2008

RM'000	<i>Audited</i>	
	30/9/2008	30/9/2007 (Restated)
Property, plant & equipment	929,064	854,919
Properties held for development	14,205	-
Intangible assets	93,162	91,712
Prepaid lease payments	83,806	55,581
Deferred tax assets	2,480	5,411
Current assets		
Property development cost	152,476	115,550
Inventories	437,860	573,298
Receivables	617,393	567,638
Cash and cash equivalents	183,643	207,799
	1,391,372	1,464,285
Less : Current liabilities		
Payables	656,170	682,931
Borrowings	89,636	337,190
Provision for taxation	24,394	17,299
	770,200	1,037,420
Net current assets	621,172	426,865
	1,743,889	1,434,488
Financed by:		
Share capital & Reserves	1,182,154	1,156,989
Minority interest	135,002	119,756
Total Equity	1,317,156	1,276,745
Non current liabilities		
Borrowings	359,411	83,053
Other liabilities	67,322	74,690
	426,733	157,743
Total Equity & non current liabilities	1,743,889	1,434,488
Net assets per share (RM) attributable to equity holders of the Company	3.32	3.25

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Group's audited financial statements for the year ended 30 September 2007.*

**Schedule C : Condensed Consolidated Cash Flow Statement**

For the year ended 30 September 2008

RM'000	Audited Cumulative 4 <sup>th</sup> Quarter	
	30/9/2008	30/9/2007
Operating activities		
Operating profit	256,650	227,771
Add non-cash : Depreciation & others	113,731	98,563
Changes in working capital	24,231	(214,884)
Tax paid	(60,811)	(37,936)
<b>Net cash flows from operating activities</b>	<b>333,801</b>	<b>73,514</b>
Investing activities		
Interest income	2,611	3,168
Capital expenditure	(222,384)	(282,184)
Purchase of brand and other intangibles	(2,877)	(76,546)
Payment of land lease	(36)	(289)
Additional investment in subsidiary	(841)	(24,500)
<b>Net cash flows from investing activities</b>	<b>(223,527)</b>	<b>(380,351)</b>
Financing activities		
Interest expenses	(19,589)	(10,034)
Drawdown of borrowings	28,804	384,537
Dividend paid	(141,723)	(118,249)
Dividend paid to MI	(7,380)	(6,166)
Equity injection by minority shareholder	6,003	23,514
Purchase of treasury shares	(545)	(1,168)
<b>Net cash flows from financing activities</b>	<b>(134,430)</b>	<b>272,434</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(24,156)</b>	<b>(34,403)</b>
Cash & cash equivalents at beginning of year	207,799	242,202
<b>Cash &amp; cash equivalents at end of quarter</b>	<b>183,643</b>	<b>207,799</b>

Note :  
 ( ) denotes cash outflow

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Group's audited financial statements for the year ended 30 September 2007.*

**Schedule D : Condensed Consolidated Statement of Changes in Equity**

For the year ended 30 September 2008

RM'000	<-----Attributable to equity holders of the Company----->					Minority Interest [MI]	Total Equity
	Share Capital	Share premium & Other reserves	Treasury shares	Revenue Reserve	Total		
<i>At 1 October 2007</i>	356,493	384,005	(1,168)	417,659	1,156,989	119,756	1,276,745
Profit after taxation	-	-	-	166,845	166,845	12,886	179,731
Foreign exchange differences	-	6	-	-	6	4,758	4,764
Net income recognised Directly in equity	-	6	-	166,845	166,851	17,644	184,495
Employee share-based expense	-	582	-	-	582	-	582
Acquisition of MI's share	-	-	-	-	-	(1,021)	(1,021)
Additional contribution from MI	-	-	-	-	-	6,003	6,003
Dividend							
- Final in respect of prior year	-	-	-	(79,093)	(79,093)	-	(79,093)
- Interim	-	-	-	(62,630)	(62,630)	(7,380)	(70,010)
Treasury share purchased	-	-	(545)	-	(545)	-	(545)
<i>At 30 September 2008</i>	356,493	384,593	(1,713)	442,781	1,182,154	135,002	1,317,156
<i>At 1 October 2006</i>							
As previously stated	356,493	438,609	-	320,242	1,115,344	122,902	1,238,246
Effects of adopting: FRS 3	-	(62,795)	-	62,795	-	-	-
<i>At 1 October 2006(restated)</i>	356,493	375,814	-	383,037	1,115,344	122,902	1,238,246
Profit after taxation	-	-	-	152,871	152,871	12,706	165,577
Foreign exchange differences	-	8,191	-	-	8,191	(60)	8,131
Net income recognised Directly in equity	-	8,191	-	152,871	161,062	12,646	173,708
Acquisition of MI's share	-	-	-	-	-	(33,139)	(33,139)
Dividend							
- Final in respect of prior year	-	-	-	(75,470)	(75,470)	-	(75,470)
- Interim	-	-	-	(42,779)	(42,779)	(6,166)	(48,945)
Additional contribution from MI	-	-	-	-	-	23,513	23,513
Treasury shares acquired	-	-	(1,168)	-	(1,168)	-	(1,168)
<i>At 30 September 2007</i>	356,493	384,005	(1,168)	417,659	1,156,989	119,756	1,276,745

*This Statement should be read in conjunction with the selected explanatory notes on Schedule E & F of this Report and the Group's audited financial statements for the year ended 30 September 2007.*

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## Schedule E : Selected Explanatory Notes

1. Accounting Policies and method of computation

The quarterly financial statements has been prepared in accordance with the Financial Reporting Standard (FRS) 134 : Interim Financial Reporting and paragraph 9.22 of Listing Requirements of the Bursa Malaysia.

Adoption of revised Financial Reporting Standards (FRSs)

The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted in the financial statements for the year ended 30 September 2007 except for the adoption of the following applicable FRSs issued by Malaysian Accounting Standards Board that are effective for the Group's annual reporting for year ending 30 September 2008.

FRS 107 Cash Flow Statements

FRS 112 Income Taxes

FRS 118 Revenue

FRS 134 Interim Financial Reporting

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

Amendment

to FRS 119<sup>2004</sup> Employees Benefits – Actuarial Gains and Losses, Group Plans and Disclosures  
Amendment

to FRS 121<sup>2004</sup> The Effects of Changes in Foreign Exchanges Rates – Net Investment in a  
Foreign Operation

The adoption of all of the above FRSs does not have significant financial impact to the Group.

2. Auditors' report

The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.

3. Comment on seasonality or cyclicity of operation

The Group's performance is normally not affected by seasonal or cyclical events on a year to year basis. However on a quarter to quarter basis, the demand for some group products such as soft drinks may be skewed towards the major festivities, which normally occur at the end and the beginning of the calendar year.

4. Exceptional items

There have been no exceptional items in the current financial quarter.

5. Estimates

There have been no changes to the estimates used in the preparation of the current financial statements.

6. Issuance or repayments of debt/equity securities

There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial quarter except as follows:

During the financial year the Company has acquired 71,300 of its own shares at an average price of RM7.60 per share. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

**Schedule E : Selected Explanatory Notes (cont'd)**

6. Issuance or repayments of debt/equity securities (cont'd)  
 During the quarter the Group successfully issued RM300 million in nominal value of AA1 rated Medium Term Notes (MTN) of 3 and 5 year tenure for the purposes of funding capital expenditure and refinancing some of its existing bank borrowings. The issuance provided the necessary liquidity to fund the Group's expansion program. In the meantime, the fund had been used to retire short term bank borrowings. Please refer to note 9 of Schedule F for more details.

7. Dividends  
 Please refer to Schedule F item 12.

8. Segmental results  
 The Group's operating businesses are organised according to the nature of activities, namely soft drinks, dairy products, glass containers and property/others. Inter-segment transactions and pricing arrangements where applicable are determined on a commercial basis. The results by segments for the quarter are as follows:

RM'000	Revenue			
	Individual 4 <sup>th</sup> Quarter 2008	Individual 4 <sup>th</sup> Quarter 2007	Cumulative 4 <sup>th</sup> Quarter 2008	Cumulative 4 <sup>th</sup> Quarter 2007
Soft drinks	288,807	247,969	1,185,677	1,055,248
Dairy products	491,597	428,667	1,945,343	1,403,016
Glass containers	117,199	88,638	425,162	341,784
Property/Others	1,374	33,504	35,022	65,020
	<u>898,977</u>	<u>798,778</u>	<u>3,591,204</u>	<u>2,865,068</u>

RM'000	Operating profit			
	Individual 4 <sup>th</sup> Quarter 2008	Individual 4 <sup>th</sup> Quarter 2007	Cumulative 4 <sup>th</sup> Quarter 2008	Cumulative 4 <sup>th</sup> Quarter 2007
Soft drinks	21,607	21,178	123,009	109,045
Dairy products	23,680	24,356	88,502	60,233
Glass containers	8,698	7,690	35,368	33,613
Property/Others	1,406	15,489	9,771	24,880
	<u>55,391</u>	<u>68,713</u>	<u>256,650</u>	<u>227,771</u>

9. Valuation of property, plant and equipment  
 There have been no changes in the valuation on property, plant and equipment since the last annual financial statements.

10. Subsequent events  
 There have been no material events subsequent to the end of the quarter that have not been reflected in the financial statements.

**Schedule E : Selected Explanatory Notes (cont'd)**

11. Changes in the composition of the Group  
 There have been no changes in the composition of the Group during the current financial quarter.
12. Contingent liabilities  
 There have been no contingent liabilities of a material nature since the last annual balance sheet date.
13. Contingent assets  
 There have been no contingent assets of a material nature since the last annual balance sheet date.
14. Capital commitments  
 The outstanding capital commitments at the end of the current quarter are as follows:-

RM'000	<u>30/9/08</u>
Property, plant and equipment	
Approved and contracted for	55,867
Approved and not contracted for	<u>699,192</u>
	<u><u>755,059</u></u>

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 4 <sup>th</sup> Quarter	
	<u>2008</u>	<u>2007</u>
Sales	196,542	168,320
Purchases	146,566	153,572
Royalties paid	32,389	23,932
Corporate charges paid	2,688	1,876
Rental income	<u>286</u>	<u>286</u>

The above transactions had been entered into in the ordinary course of business on normal commercial terms with Fraser and Neave Limited group of companies. These transactions are within the ambit of the mandate approved by the shareholders of the Company on 24 January 2008.



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## Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements

1. Operations review

*Current quarter vs corresponding quarter*

Revenue

Group revenue for the quarter grew 13% driven by higher sales volume from all core business divisions.

Soft drinks revenue registered double digit growth of 16% due to the earlier Hari Raya festival (as compared to last year) and also successful promotion activities during the quarter. Revenue for dairies increased 15% due to higher sales in Thailand and Malaysia.

Glass division saw revenue growth of 32% contributed mainly from the new plant in Thailand and higher selling prices of glass containers.

Property revenue declined from RM33 million previously to RM 1.3 million for the current quarter. Last year's revenue included that from Fraser Business Park - Phase I (which was completed in September 2007) together with that of Phase II, which had just commenced. During the quarter, the division terminated several block sales and reversed the related revenue after these buyers failed to meet their progress payment obligations.

Operating profit

PBIT for the quarter was affected by the low contribution from property division and higher marketing expense of the soft drinks and dairies divisions.

YTD vs LY

For the full year, the Group revenue grew 25% as all core business divisions registered double digit growth. Soft drinks registered encouraging growth in both volume and revenue in spite of a slowing economy. Dairies division also registered double digit growth mainly due to incorporation of the full year results of the acquired dairies business and also volume growth in Thailand. New capacity in Thailand and higher selling prices from all other existing plants contributed to higher revenue in glass division.

PBIT growth for the full year of 12.7% lagged behind revenue growth. While operating margins for soft drink and dairies division have been maintained, the Glass division suffered margin compression due to higher input and energy cost and the negative impact of Sichuan earthquake.

Group attributable profit for the year was 9% above last year as the Group incurred higher financing expense to support the revenue growth.

2. Comment on material change in profit before taxation vs preceding quarter

Group PBT for the quarter of RM55 million was 10% lower than the preceding quarter. Higher marketing costs in soft drinks and dairies divisions and rationalisation cost in glass division in the current quarter contributed to the lower profitability in spite of higher revenue.

**Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements (cont'd)**

3. Prospects for the next financial year

The economies of Malaysia and Thailand are expected to slow and this will dampen consumption and intensify competition. However, demand for F&N products, which are daily necessities and priced at affordable levels is expected to remain relatively stable. The Group will continue to invest to strengthen its distribution network, expand cooler placements and promote its products in order to mitigate possible negative impact. Whilst prices of key raw materials are showing downward trends, the weaker Ringgit may offset these potential savings.

The Group will strive to sustain its current performance in a continuing difficult environment.

4. Profit forecast variance (final quarter)

This is not applicable.

5. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 4 <sup>th</sup> Quarter
Current	19,636	66,375
Tax over provided in previous years	(3,459)	(1,890)
Deferred tax	(1,665)	(4,544)
	<u>14,512</u>	<u>59,941</u>

The Group's effective tax rate in the current quarter is lower than the statutory rate due to the utilisation of reinvestment allowances and adjustment to deferred tax resulting from the recent change in the statutory tax rate.

6. Sale of unquoted investments and properties

There were no sales of unquoted investments or properties in the current financial quarter. With the rescission of the sale and purchase agreement by the purchaser as announced on 3 November 2008, the sale of the Ampang Hilir 233 Project has been aborted.

7. Purchase and sale of quoted securities

There were no quoted securities acquired or disposed of in the current financial quarter.

8. Status of corporate proposal

There were no outstanding corporate proposals or new announcements made in the current financial quarter.

9. Group borrowings and debt securities

The details of the Group's borrowings as at 30 September 2008 are as follows:-

RM'000	Currency	Current	Non-Current
Secured Term Loan	Thai Baht	19,804	-
Unsecured loan	Renminbi	17,671	-
Unsecured loans	Thai Baht	52,161	59,411
		<u>69,832</u>	<u>59,411</u>
Medium term notes (MTN)	RM	-	300,000
		<u>89,636</u>	<u>359,411</u>

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**Schedule F : Additional Disclosures in Compliance with BURSA MALAYSIA Listing Requirements (cont'd)**

10. Off balance sheet - financial instruments

There were no off balance sheet financial instruments that are of a material nature being entered into, as at the date of this report.

11. Pending material litigation

There is no pending litigation of a material nature since the last balance sheet date.

12. Dividends

A final dividend of 30 sen gross (22.20 sen net) per share amounting to RM79.1 million in respect of the financial year ended 30 September 2007 was paid on 28 February 2008.

An interim dividend of 17 sen gross (12.58 sen net) per share (2007:12 sen tax exempt) for the financial year ending 30 September 2008 and a special tax exempt dividend of 5 sen to commemorate the Group's 125<sup>th</sup> anniversary celebrations, both amounting to RM63 million were paid on 8 July 2008.

The Directors are recommending a final dividend of 30 sen gross per share (22.5 sen net) to be approved by shareholders at the forthcoming Annual General Meeting of the Company. If approved, the total dividend for the year would be 40.08 sen net compared to 34.20 sen net paid last year.

13. Basis of calculation of earnings per share (EPS)

(a) The basic EPS for the financial quarter was calculated based on the net profit divided by 356 million ordinary shares (net of treasury shares). There were no changes in the number of issued ordinary shares during the quarter.

(b) The diluted EPS for the financial quarter was calculated based on the net profit divided by 356 million ordinary shares (net of treasury shares), adjusted for the dilutive effects of potential ordinary shares, ie. share options granted pursuant to the Employees' Share Option Scheme ("ESOS").